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**HANFORD SITE**

**WORK FORCE RESTRUCTURING PLAN**

**ADDENDUM**

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November 22, 1996

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**U.S. Department of Energy  
Richland Operations Office  
Richland, Washington**

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**HANFORD SITE WORK FORCE RESTRUCTURING PLAN ADDENDUM  
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## **ADDENDUM**

### **The 1996 Hanford Site Work Force Restructuring Plan U.S. Department of Energy - Richland Operations Office**

#### **Synopsis of Significant Changes from 1995 Plan**

##### **PART II - BACKGROUND**

###### **Eligibility Criteria, pages 3 and 4**

Clarified requirement for regular employees to be continuously employed in the Department of Energy (DOE) complex from September 27, 1991, to the date of the restructuring announcement per revised Headquarters Interim Planning Guidance for Contractor Work Force Restructuring dated April 5, 1995 (HQ Guidance).

Intermittent or construction workers must be employed at a facility within 180 days preceding the restructuring announcement, changed from 90 days per revised HQ Guidance.

##### **PART III - OPTIONS to MINIMIZE LAYOFFS**

###### **Work Force Planning, page 4**

This section was expanded to include the work force headcount by the Common Occupation Classification System (COCS) at the COCS 90 category level.

###### **Internal Transition of Existing Staff, page 7**

Flexibility in work schedules was expanded to accommodate entrepreneurial activities within *pre-approved programs and guidelines in anticipation of community transition activities*.

###### **Separation Incentives**

###### **Medical Benefits, page 7**

The proposed revision to the Displaced Workers Medical Benefits program to include other prime contractors to DOE in addition to Management & Operating (M&O) contractors was included.

###### **Enhanced Retirement and Voluntary Reduction of Force Programs, pages 7 and 8**

The site-wide reemployment ban contained in the standard general release and waiver was referenced as a change from the prior waiver.

###### **Termination Payment for Construction Workers, page 8**

Construction worker rehire ban for a period equivalent to the number of weeks for which a worker receives separation payment (pro rata repayment) was added for those workers receiving a termination payment per revised HQ Guidance.

##### **PART V - SPECIAL PROGRAMS**

###### **Preference in Hiring, page 9**

Guidance regarding practicability was added per revised HQ Guidance.

**Training and Education, pages 9 and 10**

Criteria for practicability of Internal Retraining for New Missions including Cleanup was added per revised HQ Guidance.

\$5,000 per year limit on reimbursement was deleted because the intent of an annual limit was to protect individuals from being taxed on the benefit. Individuals will be responsible for monitoring their expenditures and tax liability.

Employment by the DOE, a contractor or subcontractor was deleted from the conditions that would terminate the education reimbursement so that the benefit terminates only if the recipient becomes eligible for an educational assistance plan through a new employer. This is consistent with several other major DOE site plans.

Authorized institutions and applicable taxes were clarified in response to employee inquiries.

**Outplacement Assistance, page 10**

General Support Services Contracts, subcontractors and intermittent workers do not have to meet the eligibility criteria to have access to outplacement assistance. With the nature of the currently operating joint center, all displaced workers in the Tri-Cities will have access to some services.

**Community Transition, pages 11-13**

Goals and Action Items were grouped and consolidated to abbreviate the section of the plan.

The RL procurement policy to provide a preference to local businesses in their subcontracting efforts was included.

**Benefits Matrix, page 25**

Benefits eligibility for subcontractor employees is limited to outplacement assistance including use of Job Opportunity Bulletin Board System (JOBBS). The scope of benefits eligibility is consistent with the practice at several major DOE sites.

## **ADDENDUM**

### **The 1996 Hanford Site Work Force Restructuring Plan U.S. Department of Energy - Richland Operations Office**

This Addendum to the 1995 Hanford Site Work Force Restructuring Plan (Plan) is being issued to update the existing plan to reflect current restructuring activities at the Hanford Site, as well as program offerings and business decisions, and to incorporate the most recent Headquarters Interim Planning Guidance for Work Force Restructuring. This Addendum and the 1995 Plan represent the Hanford Site's plan to mitigate the impacts to any future work force restructuring or until another addendum is issued.

## **PART I - PUBLIC INVOLVEMENT**

Teams comprised of DOE, contractor, and community representatives reconvened in early 1995 to review the Training and Education, Outplacement, and Community Transition sections of the Plan. The Training and Education, and Outplacement teams reviewed the sections to clarify issues that are summarized in this Addendum. Results of their efforts will also be utilized in the administration of the initiatives contained in those sections. In addition, advance copies of the abridged Community Transition section were distributed to the community team including the Community Reuse Organization (CRO) to solicit input and feedback. A summary of the public comments received during the comment period in January of 1996 is included as Appendix A. DOE wishes to thank the community and employee teams for their many hard hours of work in the development of this Addendum.

The most recent HQ Interim Planning Guidance for Contractor Work Force Restructuring, the 1995 plan and this 1996 addendum can be accessed by employees on the Hanford Site with computer stations through the Hanford Local Area Network (HLAN). Copies are also available at public libraries, the DOE Public Reading Room, and libraries on site.

## **PART II - BACKGROUND**

### **RESTRUCTURING ANNOUNCEMENT**

**January 10, 1996**

**300-500 affected positions**

In February 1995, the U. S. Department of Energy, Richland Operations Office (RL) announced the need to reduce the Hanford Site contractor work force by an estimated 4,800 positions during FY95-96. The need to reduce the work force was the result of budget reductions,

implementation of management cost-efficiency initiatives, and new contracting arrangements. Included on the next page is a summary of reductions that have occurred from October 1, 1994, through June 30, 1996.

In addition, as a result of the 1996 offering of an Enhanced Retirement Program (ERP) to the employees of Westinghouse Hanford Company and its integrated subcontractors Boeing Computer Services Richland and ICF Kaiser Hanford (WHC/BCSR/ICF KH), and Bechtel Hanford, Inc. (BHI), approximately 550 employees were off the employment rolls by September 30, 1996.

**Hanford Site  
FY95 Work Force Restructuring Plan  
Reductions through June 30, 1996  
10/01/94 - 06/30/96**

# of HEADCOUNT reductions that have taken place at Hanford

CONTRACTOR	ERP	VROF	IROF	NET ATTRITION	SUBS	TOTAL
WHC	696	963	1,021	331	350	3,361
PNNL	230	425	183	0		838
BHI	16	117	55	0		188
HEHF	6	30	2	15		53
MACTEC/PAI			153	24		177
TOTAL	948	1,535	1,414	370	350	4,617

As announced on January 10, 1996 (see Appendix B) actions to improve the efficiency and cost-effectiveness of operations at the Site, and to implement reductions to the FY96 budget were necessary and impacted an estimated 500-600 positions. These initiatives included privatization and outsourcing of site operations, infrastructure, and services currently performed by site contractors; continued reductions in overhead costs; and the reengineering of processes and services. As a result of implementation of these initiatives, some restructuring of the work force can be expected through 1996 and 1997. Reductions to the FY97 budget and the recompetition of the Westinghouse Hanford Company (WHC) contract, including the ICF Kaiser Hanford (ICF KH) and Boeing Computer Services Richland (BCSR) subcontracts, may result in additional work force restructuring. Restructuring programs will be announced as additional information becomes available.

Employees that transition to the successful bidder of the Project Hanford Management Contract (PHMC) or its integrated or lower tier contractors will be considered continuously employed and will not be eligible for benefits under the work force restructuring plan as a result of transition.

**Eligibility Criteria - the Job Attachment Test**

These criteria are not applicable to severance pay calculations unless expressly referenced in the severance pay package. Each company will follow its established severance pay procedures and eligibility requirements. To be eligible for additional benefits under the Plan pursuant to section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (excluding severance pay), employees must meet the following criteria:

**A. Regular Employees:**

- 1) must have been working at a defense nuclear facility on September 27, 1991 (the day the first unilateral reduction of the Nation's nuclear weapons stock pile was announced, which is considered to be the end of the Cold War for the DOE);
- 2) must have worked full-time (or regular part-time) at a facility from that date (September 27, 1991) through the date of the work force restructuring notification (January 10, 1996); and
- 3) must have accepted a voluntary separation incentive or have been involuntarily separated within the DOE complex as a result of restructuring.

**ELIGIBILITY  
Regular Employees**

- Employed at a DOE defense site on September 27, 1991
- Employed from September 27, 1991 through January 10, 1996
- Accept voluntary separation incentive or involuntarily separate due to restructuring

**B. Intermittent Workers, Including Construction Workers:**

- 1) must have been working at a defense nuclear facility on or before September 27, 1991 (the day the first unilateral reduction of the Nation's nuclear weapons stock pile was announced, which is considered to be the end of the Cold War for the DOE);
- 2) must have worked at a facility within 180 days preceding the work force restructuring notification (between July 14, 1995, and January 10, 1996);
- 3) must have worked at a facility a total time, including time worked prior to September 27, 1991, equivalent to an employee having worked full-time (40 hours per week) from September 27, 1991, to the date of the work force restructuring notification (January 10, 1996) which is equal to 8,880 hours, or have actually worked full-time from September 27, 1991, through the date of the work force restructuring notification (January 10, 1996); and
- 4) must have been affected by the announced restructuring.  
For an intermittent worker, this includes the interruption of a project before its anticipated completion, or the completion of the assignment or project without prospect for a follow-on assignment at the site where the employee had a reasonable expectation of a follow-on assignment.

**ELIGIBILITY  
Intermittent Employees**

- Employed at a DOE defense site on or before September 27, 1991
- Worked at a facility during the 180 days preceding January 10, 1996
- Total career hours equal to or greater than 8,880 hours
- Employee's current position directly affected by restructuring

**PART III - OPTIONS to MINIMIZE LAYOFFS**

**Work Force Planning**

Work force planning is a key element in assuring that work force restructuring is accomplished with the objective of minimizing layoffs and maximizing the accomplishment of the Hanford Site Mission. The current headcount, by Common Occupational Classification System (COCS) job families, for Hanford's prime contractors as of June 28, 1996, is on the following pages.



Hanford Site (includes WHC, PNNL, BHI, HEHF, and MACTEC)  
06/28/96 Headcount by Common Occupation Classification System  
Full-time, Part-time and Temporary Employees

COCS Category	Job Title	Headcount 06/28/96*
M000	GENERAL MANAGERS, EXECUTIVES, FIRST LINE SUPERVISORS AND PROGRAM/PROJECT MANAGERS	1,249
M010	First Line Supervisors	254
M020	General Managers and Executives	754
M030	Project and Program Managers	241
M040	Other Managers	0
E000	ENGINEERS	2,992
E010	Chemical Engineers	309
E020	Civil Engineers	254
E030	Computer Engineers	230
E040	Electrical Engineers	238
E050	Environmental Engineers	193
E060	Industrial Engineers	55
E070	Mechanical Engineers	441
E080	Nuclear Engineers	177
E090	Petroleum/Mining Engineers	8
E100	Plant Engineers	536
E110	Quality Control Engineers	143
E120	Safety Engineers	106
E130	Other Engineers	301
E140	Construction Engineers	1
S000	SCIENTISTS	1,081
S010	Chemists	300
S020	Environmental Engineers	253
S030	Geologists	79
S040	Life Scientists	106
S050	Materials Scientists	61
S060	Mathematicians	34
S070	Physicists	86
S080	Social Scientists	64
S090	Other Scientists	98
P000	ADMINISTRATIVE AND OTHER PROFESSIONAL OCCUPATIONS	2,522
P010	Accountants and Auditors	342
P020	Architects	6
P030	Buyers, Procurement and Contracting Specialists	205
P040	Communication Specialists	49
P050	Compliance Inspectors	36
P060	Computer Systems Analysts	307
P070	Cost Estimators and Planners and Schedulers	332
P080	Health Physicists	132
P090	Industrial Hygienists	68
P100	Lawyers	11
P110	Personnel and Labor Relations Specialists	106
P120	Physicians	6
P130	Physicians Assistants, Nurses, and other Medical Support Occupations	22
P140	Safeguards and Other Security Specialists	168
P150	Trainers	144
P160	Technical Writers and Editors	110
P170	Other Administrative and Other Professional Occupations	478

COCS Category	Job Title	Headcount 06/28/96*
G000	<b>SUPPORT STAFF</b>	<b>1,820</b>
G010	Administrative Assistants	188
G020	Office Clerks (General)	468
G030	Office Clerks (Specialized)	432
G040	Secretaries	652
G050	Typists and Word Processors	31
G060	Other General Administrative, Secretarial and Clerical Support Staff	49
T000	<b>TECHNICIANS</b>	<b>1,479</b>
T010	Computer Operators/Coders	50
T020	Drafters	159
T030	Engineering Technicians	193
T040	Environmental Sciences Technicians	56
T050	Health Physics Technicians	456
T060	Industrial Safety and Health Technicians	42
T070	Instrument and Control Technicians	177
T080	Laboratory Technicians	240
T090	Media Technicians	38
T100	Survey and Mapping Technicians	13
T110	Other Technicians	55
C000	<b>CRAFTS</b>	<b>992</b>
C010	Carpenters	57
C020	Electricians	278
C030	Heating Air-conditioning and Refrigeration Mechanics (HVAC)	0
C040	Machinists	43
C050	Masons	3
C060	Millwrights	81
C070	Painters	58
C080	Plumbers and Pipefitters	229
C090	Structural and Metal Workers	111
C100	Vehicle and Mobile Equipment Mechanics	47
C110	Welders	16
C120	Other Crafts	69
R000	<b>OPERATORS</b>	<b>744</b>
R010	Chemical System Operators	0
R020	Drillers	0
R030	Material Moving Equipment Operators	50
R040	Nuclear Plant Operators	54
R050	Nuclear Waste Process Operators	456
R060	Productions Systems Operators	0
R070	Utilities Systems Operators	173
R080	Other Operators	11
L000	<b>LABORERS AND GENERAL SERVICE WORKERS</b>	<b>773</b>
L010	Firefighters	86
L020	Food Service Workers	0
L030	Janitors and Cleaners	123
L040	Laundry Workers	0
L050	Material Handlers, Helpers and Laborers (General)	151
L060	Material Handlers, Helpers and Laborers (Specialized)	69
L070	Light Vehicle Drivers	199
L080	Security Guards	142
L090	Others Laborers and General Service Workers	3
	<b>TOTAL</b>	<b>13,652</b>

#### **Internal Transition of Existing Staff**

Flexibility in work schedules may be expanded to accommodate entrepreneurial activities within pre-approved community transition or human resource programs and guidelines in anticipation of community transition.

To help ensure stability during restructuring, use of contract personnel, task-order subcontracts and professional service pools will be limited to only those activities that cannot be performed within scheduled time-frames by existing Hanford Site personnel, or where the necessary skills cannot be obtained from the regular work force.

#### **Managed Attrition**

The principal contractors on the Hanford Site experience an annualized attrition rate in the range of 4 to 5 percent. Attrition, in conjunction with internal redeployment and retraining, will be managed and utilized to reduce the need for any reductions in force.

### **PART IV - PROGRAMS for SEPARATED WORKERS**

Appendix C is a matrix of other available benefits.

#### **Medical Benefits**

Voluntarily separated employees, depending upon the option elected under a VROF program, may be eligible for the extended medical coverage outlined in the Plan or coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), which offers benefits at the full cost to the employee.

In the event that the Displaced Workers Medical Benefits program is revised to include other prime contractors to DOE in addition to M&O contractors, employees of direct contractors to DOE may be eligible to participate in the extended medical benefits program, effective with the approval date of the policy. Employees separated prior to the approval of the revised policy will not be eligible to participate.

#### **Separation Incentive Programs**

RL will consider the use of all forms of separation programs, including an enhanced retirement program, to accomplish its work force restructuring needs. In the event RL authorizes its contractors to implement any of the below-listed separation programs, the following provisions will apply:

#### **Enhanced Retirement Program (ERP)**

RL will consider the specific restructuring needs of each contractor, and the financial strength of the pension plan in determining if an ERP will be offered to the respective contractor's work force. An ERP was offered to employees of WHC/BCSR/ICF KH and BHI during the June through August, 1996, time period. The enhancements to the retirement program in that ERP were identical to those offered in late 1994, namely the addition of a flexible three-plus-three years to age and service and a bridge payment of \$125 per month to social security eligibility.

In addition, employees will be required to execute a release which contains a prohibition on reemployment under all DOE-RL contractors for a three-year period. In the event the document is revised, changes will be incorporated into any future offering of the ERP.

**Voluntary Reduction of Force (VROF)**

The options to be offered in a VROF will be the same as those offered in 1995, as outlined in the Work Force Restructuring Plan dated February 5, 1995.

Employees who accept an incentive and voluntarily separate will be required to sign a waiver detailing a restriction from employment with the employer or any other future or current contractor or subcontractor at the Hanford Site for a period of twelve months from the date of the employee's signature. In the event the waiver is revised, changes will be incorporated into any future offering of a VROF.

In order to maintain the integrity of the core competencies required to safely and responsibly operate the Site, participation in this program may be limited or denied when the loss of essential skills would adversely affect Site operations.

**Involuntary Reduction of Force (IROF)**

To the extent that an IROF is necessary, it will be implemented in accordance with the conditions stated in the Plan, including the requirement to repay the separation payment if rehired by the terminating employer during a time period equivalent to the separation payment period. For example, if an individual receives 5 weeks of severance pay, the severance pay must be repaid if rehired by the terminating employer within 5 weeks of separation.

**Termination Payment for Construction Workers**

Construction workers who are employed by principal contractors and their integrated subcontractors, and who meet the eligibility criteria of this Addendum will receive a one-time termination payment of 40 hours base straight-time pay for each 2,080 hours worked on Site up to a maximum of 240 hours (six weeks) base straight-time pay. The eligibility requirement includes the completion of an assignment or project without prospect for a follow-on assignment at the site.

Construction workers who receive the termination payment will be restricted from employment at a Department facility for a period equivalent to the hours of separation pay received (a maximum of 240 hours or six weeks), and may not perform work funded by the Department without specific approval of the Department or pro rata repayment of the benefit.

## **PART V - SPECIAL PROGRAMS**

### **Preference in Hiring**

RL, its contractors, and subcontractors whose contracts are equal to or exceed \$500,000 in value, will give a continuing hiring preference, to the extent practicable, for filling job vacancies to workers who:

- Meet the eligibility criteria (Job Attachment Test) of this plan; and
- Are equally qualified for the job at the time the work is to begin; and
- Have each year signified their desire to retain hiring preference; and
- Have been involuntarily separated within the DOE complex as a result of restructuring; or
- Have been voluntarily separated at Hanford as a result of work force restructuring and used the Training and Education Assistance program, as set forth in the Plan. (Priority in filling vacancies will be given to involuntarily separated workers over voluntarily separated workers.)

Such preference shall be consistent with applicable law, Veteran's preference rights, employment seniority plans or practices of the Department of Energy, Section 3152 of the National Defense Authorization Act for Fiscal Years 1990 and 1991, and the terms of any court-mandated affirmative action plans. This preference does not outweigh other preferences required by statute or executive order.

This preference is not applicable in situations where positions become available through an outsourcing action or follow-on contract in which the current employees should first be offered their same or similar jobs with the replacement contractor in order to avoid a layoff.

### **Training and Education**

#### **Internal Retraining for New Missions including Cleanup**

Work Force planning should identify training needs and provide training to transition the existing work force to new missions as early in the restructuring process as possible. To the extent practicable, workers affected by restructuring shall receive retraining for cleanup or other new missions.

- Training should be aimed at jobs for which vacancies are expected in the near term;
- Training should be completed within a reasonable time-frame in relationship to those vacancies, not more than six months; and
- Training should be completed at a reasonable cost, not to exceed \$10,000 including tuition, course materials and related instructional costs, and excluding the trainee's salary.

#### **Post-Employment Training and Education**

The intent of post-employment, external training and educational assistance is to enable displaced workers to obtain employment with private business and industry. This benefit is only available to involuntarily laid off workers who meet the Plan eligibility criteria, and workers who are approved for voluntary reduction of force and select an eligible severance option.

- Eligibility for education assistance allowance will cease if the separated worker is hired by an employer who provides educational assistance benefits, including the DOE or one of its contractors or subcontractors, and the employee is eligible for that benefit. Changes to this provision are applicable to all employees currently eligible for tuition reimbursement.
- The DOE will provide a maximum total training and education assistance allowance per eligible voluntarily or involuntarily separated worker of \$10,000. This allowance will be available for a period up to three years from the date of separation. Initial registration must occur within one year of separation, extendable up to nine months if the separated worker can show enrollment caps precluded entry during the first year following separation. Changes to this provision are applicable to all employees currently eligible for tuition reimbursement.
- Educational institutions must be state-certified or Veteran's Administration approved. Institutions providing degree programs must be accredited by accrediting agencies recognized by the Council on Postsecondary Accreditation (COPA). Educational institutions may include universities, community colleges, vocational schools, and technical schools.
- The education assistance allowance under this plan will be subject to Federal Income Tax (FIT) and Federal Insurance Contributions Act (FICA) tax.

#### **Outplacement Assistance**

The DOE and its principal contractors will provide outplacement assistance for regular employees who are identified for layoff or are separated from employment through a VROF or an IROF. Outplacement assistance will also be provided for subcontractors and intermittent workers who are separated from employment through an IROF. Contractor-provided outplacement services will be available to separated workers for a period of one year following the date of layoff or until they are gainfully employed, whichever comes first. After the first year, continuing outplacement services may be available through Columbia Basin College and the Dislocated Worker Program of the Employment Security Department.

## **PART VI - COMMUNITY TRANSITION**

The downsizing in 1995 was originally estimated at approximately 2500 people by October 1, 1995; new figures indicate 5,600 were separated by the end of fiscal year 1996. Community "transition" thus takes on a new impetus, much of which is a twin-track approach: look for synergies that cut the cost of cleanup while developing these same themes in the community as community transition opportunities the community itself should exploit.

The FY95 Plan assumed \$1.9 billion per year would be spent over a thirty-year time frame (\$57 billion) at Hanford. Undeniably, Hanford has been the economic "pump" that dominates the Tri-Cities region, a loosely urbanized area of approximately 125,000 people. Reductions at Hanford will negatively impact the local economy without the combination of DOE support through the Hanford Economic Transition Initiative (HETI, established in 1992), the Community Impact and Economic Development Plan (CDP), and the Sustainable Economic Transition Initiative (SETI).

CDP was based on 4 business lines: conversion/reuse of assets, leveraged outsourcing, technology commercialization, and new site missions. The highest priority was placed on the reintegration of displaced Hanford workers. In support of HETI, SETI, and CDP, DOE-RL continues to identify, improve, and implement supportive policies and actions.

In FY95, revised funding for Community Transition was \$3.6 million to the Westinghouse Hanford Company (WHC) with an additional \$2.1 million granted to the site Community Reuse Organization (CRO), the Tri-City Industrial Development Council (TRIDEC) for 7 different community projects. In FY96, \$5.5 million was granted by DOE to fund eleven new community diversification proposals. Funding for fiscal year 1997 is still uncertain; funding for implementation of Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 is being determined in light of new Congressional mandates.

In FY95 to support CDP/HETI, nine separate goals were enumerated, listing broad concepts. With a continuing desire to "attract new private sector operations and jobs to the local area..."(Hanford Site Plan FY95), we have sought to reduce these goals in number and focus their definitions.

### **GOALS FOR THE RL REGION**

The Hanford Job Replacement Challenge...continues

1. **Privatizing, outsourcing, or transferring appropriate Hanford services, processes, assets, and technologies in cost effective ways that create a nongovernmental expansion of local commerce and employment.**
2. **Helping the community locate new businesses via partnerships, CRADAs, licensing agreements, or other technology leveraging arrangements. Seek to capitalize on the uniqueness of the region's human talent, technology, culture, and geography. (The Pacific NW is America's "Brain Belt.")**
3. **Broadening existing businesses with applicable Hanford technology and opportunities mentioned in #1 & #2 that encourage their private sector market share growth, capital formation, and local employment base.**

4. **Advocating for growth in the Tri-Cities area by encouraging greater community economic responsibility. DOE-RL can help in this area with issues such as goal-directed focus, continual improvement, and a regionally unified approach to problem-solving.**

#### **ACTION ITEMS IN SUPPORT OF GOALS**

**NOTE:** In FY95's Plan, eighteen separate actions were listed to support nine (9) separate goals for three different community transition initiatives (HETI, SETI, and CDP). For the future, we plan a distillation of this method where action items are directly linked to goals. Most "actions" fit this adjusted benchmark. This is an on-going problem-solving process.

1. **Continue to identify barriers to restructuring contracts, procurements, regulatory overlap, duplication, etc. which result in delays, added costs, worker anxiety, and confusion. (Goal #1)**
2. **Expand efforts to work with and monitor the WHC Make or Buy Board (MOB) and the WHC Economic Transition Case Review Process under authority of Section 3161 (Defense Authorization Act), to mitigate negative work force restructuring. (Original action item #17 of 18 FY95 and includes item #7; for support of Goal #1.)**
3. **Continue to provide reasonable funding levels to all DOE-relevant community community transition organizations, while intensifying efforts to prioritize, monitor, and reward the focus of these organizations. (Compilation of FY95 action items #1, 2, 3, 6, 7 in support of Goal #4)**
4. **Continue to research and execute doable, one-of-a-kind past proposals, possibly requiring the pursuit of special authorities or grant, agency, or non-DOE funding, for demonstration sites, development and enterprise zones, entrepreneurial programs, or special sole-sourcing arrangements. (FY95 items #12, 14, 15, 16 in support of Goals #2 and 3)**
5. **Establish a new review board or empower one existing, to evaluate these numerous proposals (#4 & #3) with "life or death" authority to continue pursuit, based upon a strategic evaluation of current results, resources and future potential. (FY95 #16, item #15, and item #12 for Goals #4, 3)**
6. **Develop a strong team relationship with Pacific Northwest National Laboratory's non-site technology leveraging efforts. This strategy should be effected at the highest executive level possible, amplifying the Lab's relevant private sector experience. (FY95 Items #13, 15, 11 supporting Goal #2)**
7. **Work closely with our main team members WHC, PNL, TRIDEC and the Hanford CRO group, to probe and analyze state or regionally-based structural growth disincentives. Solutions for these should pass through via the CRO.**
8. **Continue the site's focus on enhancing regional educational opportunities, while exploring ways to spinoff appropriate equipment and other resources in this direction, and to qualified entrepreneurial startup businesses.**



Given new budgetary considerations and the DOE's original CRO memo of 2/24/94 that "funding proposals for...(bricks & mortar) ...would not be encouraged", we are left with the task of further process refinements. All of the pieces are in place for a sustainable economic recovery; however more than ever, the players will need orchestration as they have to play together and to their strengths.

In support of RL's objective to be an active participant in the stability and growth of the local community, RL shall institute a procurement policy that requires major on-site contractors to give preference to local businesses in their subcontracting efforts. Local businesses are defined as all businesses in Benton and Franklin counties, and the adjacent counties of Adams, Grant, Klickitat, Umatilla, Walla Walla and Yakima. Major on-site contractors will be provided the flexibility to place contracts with local businesses through the use of local area set-aside or local area preference solicitations, while retaining the ability to exercise professional judgement in situations where the requirement can best be served by a wider recruitment of "best in class" companies.

### **COMMUNITY TRANSITION ACCOMPLISHMENTS**

The intent of the community assistance program was to create business development and expansion opportunities that would mitigate the impacts of work force restructuring activities at the Hanford Site.

The Department initiated and supported several initiatives through its prime M&O contractor, Westinghouse Hanford Company (WHC), designed to promote re-utilization of excess or currently underutilized site assets to promote community diversification. Other programs supporting the formation of spin off companies by former contractor employees were supported by WHC and Pacific Northwest National Laboratory (PNNL).

The Tri-City Industrial Development Council (TRIDEC) in their role as the Community Reuse Organization (CRO) oversaw the implementation of seven community diversification projects that were funded by a \$2.1 million Department of Energy grant from the Office of Worker and Community Transition. Additionally, the CRO coordinated the submission of additional community-sponsored proposals to DOE that resulted in an additional \$5.5 million being granted by DOE to fund eleven of these new community diversification proposals.

To date, community transition efforts at the Hanford Site have resulted in the creation of more than 170 jobs and thirty-one businesses. The community transition projects currently underway are projected to create more than fourteen hundred jobs and 200 businesses by the year 2000.

In addition to these initiatives, as part of the Department's community transition efforts, community transition was included as a point-scored requirement in the request for proposals for the new site Management and Integration contract, the Project Hanford Management Contract (PHMC). Fluor Daniel Hanford, Inc. the successful bidder for the contract, has promised that it and its integrated subcontractors will help create three thousand non-Hanford jobs during the first five years of the PHMC.

## **PART VII - FUNDING and MEASURING RESULTS**

For the 4,617 reductions that occurred through June 30, 1996, RL incurred total costs of \$96 million. This includes the costs of all separation programs, including cash incentives, pension enhancements, outplacement, medical benefits, educational assistance, and relocation assistance. This corresponds to an average cost per separation of approximately \$20,400.

RL does not expect its average cost per separation for the additional reductions in FY96 and FY97 to differ significantly from the cost experience through June, 1996. Accordingly, there is a projected total cost of \$6.1 - 10.2 million to effect separations of 300-500 positions.

Limited funds are available for implementing the objectives of section 3161 for defense nuclear facilities, including community transition. Benefits for workers at defense nuclear facilities affected by changes due to business or efficiency decisions (including privatization) will be sought from the appropriation of the program making the change.

Section 3161 requires the Plan to be updated no later than one year after its initial release and on an annual basis thereafter. RL will maintain records on the employees' use of the various restructuring activities and the expenditures for those activities, including the amount and source of funding. The update will contain an evaluation of the implementation of the Plan during the preceding year via a summary of participants and costs for restructuring programs, and the Work Force Planning and Performance measures.

## **Summary of Public Comments on this Addendum**

### **PART II - BACKGROUND**

#### **Eligibility Criteria**

- Change 09/27/91 date to 1992 with the new year.

HQ Guidance summarizes the origin and use of the September 27, 1991 date: "In implementing the objectives of Section 3161 of the Act, the Department recognizes a special responsibility to minimize the impact of work force restructuring on employees who participated in efforts to maintain the Nation's nuclear deterrent during the Cold War. September 27, 1991, the day President Bush announced the first unilateral reduction of the Nation's stockpile, has generally been recognized by this Department as the end of the Cold War." This date will continue to be used to recognize employees who have contributed to the DOE's efforts during the Cold War.

### **PART III - OPTIONS TO MINIMIZE LAYOFFS**

#### **Internal Transition of Existing Staff**

- Outsourcing and privatization encourage in-migration of people - should encourage work for Hanford.
- Give employment preference to qualified Hanford personnel in outsourcing and privatization.

Proposed revisions to the preference in hiring section of the HQ Guidance suggest that "the preference should be honored by all prime contractors and by subcontractors whose contracts equal or exceed \$500,000 in value." Therefore, all privatization and outsourcing contracts that meet the established dollar limit, or otherwise established definition, must comply and provide a preference in hiring to eligible Hanford personnel.

- Increase reduced work weeks, but add prorated benefits.  
Move entire Site to a 32-hour work week (cost savings suggestion).
- Flexibility in work schedules for entrepreneurial activities is good. Where is info available?

Flexibility in work schedules is encouraged to the extent they can be accommodated without an impact on the work critical to the mission. To that end, work schedule flexibility was expanded to accommodate entrepreneurial activities within pre-approved programs and guidelines in anticipation of community transition activities. Flexibility in work schedules is incorporated into current HR policies of each company, and additional information can be obtained from the HR organization.

Suggestions regarding a 32-hour work week were forwarded to the Westinghouse Hanford Company Challenge-170 cost savings incentive program team for its consideration.

- Permanent employees who are targeted for lay off should be allowed to bump contract personnel.

As stated in the approved restructuring Plan, the contractors are to limit the use of contract personnel in order to minimize the need to reduce the regular work force. Through June, 1996, the contractors have reduced the number of temporary and contract personnel by over 1,000 positions by using them for peak work loads, and by maximizing the retention of long term projects and work for the regular work force.

#### **PART IV - PROGRAMS FOR SEPARATED WORKERS**

##### **Medical Benefits**

- There is a need for continuing medical coverage for IROF and retiring employees 45 years and older.
- IROF'ed employees should be allowed to pick up retiree medical insurance from the company at retirement age/time of retirement.

Involuntarily separated employees may elect to continue medical coverage under the DOE Displaced Workers Health Benefits Program (DWHBP) until the employee becomes eligible for medical coverage under another program. If the coverage has pre-existing condition limitations or a waiting period before benefits begin, DWHBP coverage may continue until those limitations elapse.

Due to the large number of employers on the Hanford Site, post-employment medical benefits may vary. For specific information at the time of layoff regarding eligibility for retirement and retiree medical coverage, and other medical coverage options, employees are encouraged to consult with their human resources organization.

##### **Enhanced Retirement Program**

By far, the most comments received in response to the draft Addendum were urging the Department to offer an enhanced retirement program similar to the one offered in late 1994. The comments fully addressed the advantages of such a program to lessen the impacts of job losses on workers and the communities, costs, protection of essential skills, and program design. On the strength of these comments, RL reconsidered its position on the utilization of an enhanced retirement program as a possible means to accomplish the needed restructuring of the work force during FY96, and offered an enhanced retirement program, which led to the offering of an ERP to the employees of WHC/BCSR/ICF KH and BHI during the summer of 1996.

##### **Voluntary Reduction of Force**

- Include in the information that VROFs are ineligible for unemployment. Reduces legal fees.

The State Employment Security Department is responsible for determination of eligibility for unemployment insurance benefits. Consequently, it would not be appropriate for DOE or its contractors to make statements regarding eligibility in any VROF information.

- **Reemployment Ban: Define "subcontractor" - is Los Alamos Technical Associates (LATA) included?**

It is the intent of the language contained in the model general waiver and release provided by HQ to conduct true headcount reductions, and prevent employees who have participated in separation programs from returning to a federally funded position. For further guidance regarding the general release and waiver, employees are encouraged to consult personal legal counsel.

- **Separation pay should be based on a person's salary. Current lump sum options target lower paid employees.**
- **Change lump sum option to one year's salary and no other benefits.**
- **Those electing lump sum options should still get education, relocation and extended medical benefits.**

The VROF options were designed to have as wide appeal to employees as possible while keeping the overall average cost at a reasonable level. The two main options of the VROF, lump sum or severance pay based on years of service, were designed to allow the employee to determine which package best met his or her needs. The lump sum option may be more attractive to lower-paid employees, but the severance pay based on service may be more attractive to long service or higher-paid employees. Changing the lump sum option to one year's salary would increase the costs, making voluntary separation programs much more expensive, and thereby eroding the cost advantage of these programs over other forms of separation programs.

- **Increase VROF application window - allow more time to search for alternate employment prior to termination. Accept applications up to the IROF.**

It is necessary to have a limited VROF window in order to review the skills mix of the applicants and assure that critical skills are retained. Also, the use of voluntary programs minimizes the need for involuntary reductions of force.

- **Provide extended medical benefits (at current cost) rather than COBRA (full cost) to VROF participants as additional incentive.**

This benefit is available under Option 1 of the VROF. In order to balance the cost of the overall VROF program, this benefit was removed from Options 2 and 3 in order to provide a larger cash incentive.

#### **Involuntary Reduction of Force**

- **The "time period equivalent to the separation payment period" for repayment of separation pay if rehired is not clear.**

An example was included in the draft Addendum to clarify the language. If an individual receives 5 weeks of severance pay, he or she would have to repay the severance pay if he or she was rehired within 5 weeks of his or her last day of work.

#### **Construction Worker/Building Trades**

- Plan has not addressed the Building Trades. Laid off workers have received none of the 3161 benefits.

The benefits for Building Trades employees eligible for restructuring programs are outlined in the Plan. Implementation procedures have been approved, and the contractors will follow the procedures for administering the benefits.

- Does flexibility in work schedules for entrepreneurial activities apply to the Building Trades?

No, work and shift schedules are set out in the Hanford Site Stabilization Agreement and must be administered in compliance with the terms outlined.

#### **PART V - SPECIAL PROGRAMS**

##### **Preference in Hiring**

- Should not be limited to contractors whose contracts meet or exceed \$500,000. After implementation of Management & Integrating, or Project Hanford Management Contract, there will be many more smaller, shorter contracts.

Establishment of a threshold dollar amount for application of the rehiring preference is intended to support the move to a local economy not dependent on government funding and also not restricted by government administrative control.

##### **Educational Assistance**

- Dollar value of benefit should consider tax and be increased to \$15k.
- Implementation of program should begin within two years of separation, and allow 5 years to complete degrees.

Community representatives including Re-Employment Opportunity Center Staff (contractors), and representatives from CBC and WSU-TC reviewed the suggestions received. HQ Guidance recommends that tuition assistance, and other reasonable and necessary educational expenses, be limited to not more than a total of \$10,000 over a period of not more than two to four years, and this plan allows the maximum dollar amount and the maximum of the time allowance with the extension granted for delayed admittance to a degree program. In addition, RL has not allowed the "gross-up" of employee benefits to include compensation for tax on the benefit.

The community representatives felt that as a benefit to aid a displaced employee preparing for a new career, that it was a reasonable expectation that the use of the program begin within one year of separation. As the result of feedback received from displaced

employees, the community representatives recommended removing the \$5,000 annual limit on reimbursement because it has not aided in eliminating tax liability, and recommended that the eligibility end if the individual became eligible for a new employer's tuition reimbursement program. RL has adopted those two recommendations.

#### **Outplacement Assistance**

- Should be available to all Hanford employees, not just targeted.
- Services should be available for longer than one year.

The requirement that subcontractors and intermittent workers would have to meet the 3161 eligibility criteria to have access to outplacement services was deleted. With the contractors, the Private Industry Council, and Columbia Basin College, as major partners in operating the current center, all displaced workers in the Tri-Cities will have access to some services. Outplacement assistance is not intended to provide placement services to employees whose positions are not impacted by work force reductions. Outplacement services will be available to those eligible employees who are notified in writing by their employer that their job is, or is expected to be, surplus (WARN letter).

RL believes it is necessary that the contractor-provided outplacement assistance continue to be limited to one year in order not to interfere with other community-based organizations' outplacement programs. Individuals who have exhausted contractor-provided services may continue to receive outplacement assistance through the Re-Employment Opportunity Center from organizations such as Columbia Basin College and the Washington State Employment Security Department.

#### **Relocation Assistance**

- Eliminate requirement of other DOE or contractor sites. Although relocation to other than DOE sites may not be allowed, it is the right thing to do.
- Increase benefit to \$5k.

Original parameters of the relocation reimbursement program were developed with public and employee input for the Plan. The Plan already represents a liberal application of this provision by including DOE contractor and subcontractor locations other than DOE sites. Feedback from displaced employees to the community representatives operating the Re-Employment Opportunity Center Staff (contractors and Employment Security), and representatives from Columbia Basin College and Washington State University - Tri Cities indicated that an increase in the amount would not make this benefit more useful to displaced workers.

#### **Prime Contractors to DOE and Intermittent Employees of Site Principal Contractors**

- MAC Technical Services (now ICF Kaiser Engineers, Inc.) employees should have benefits equivalent to those of other principal contractors: extended medical benefits and separation packages (enhanced retirement and a voluntary reduction of force program).

The negotiated Personnel Appendices of each contract are utilized as a basis for the separation programs offered in the Plan. Similarly, the General Support Service Contracts may offer separation packages in accordance with its contract.

The Displaced Workers Health Benefits Program (extended medical benefits) was initiated by HQ in 1992 for employees of "DOE management and operating contractor (M&O)" employees. In the case of ICF Kaiser, DOE believes it is appropriate to extend this coverage to eligible employees and will do so if HQ expands eligibility to other prime contractors.

### **Community Transition**

- Has there been progress in the allowability of Work for Others?

The DOE Order that provides guidance in this area, DOE Order 4300.2C, Work For Others (Non-Department of Energy Funded Work), was most recently revised on December 28, 1994. Therefore, no changes have been made since then for the current contracts. The Project Hanford Management Contract (PHMC) does contain a proposal to allow the use of government-owned facilities, equipment and other property on a non-interference basis for private work and private work for other entities.

### **General**

- Downsizing has gotten rid of the knowledgeable staff and replaced them with kids that don't know about issues or how to resolve them.
- A brain drain will be experienced, and the Addendum has not addressed the hiring of new brain power.

Work force planning and the preservation of critical skills are important in planning restructuring actions. In critical areas where skills are not available within the current work force, contractors are allowed limited recruiting and hiring.

- Carefully consider further reductions to the protective forces - safety.

This comment has been forwarded to the contractor for its consideration.

- Projected reductions for 1996 and budget numbers are not included in the Plan.

When the draft Addendum was released for comment, RL had not developed an estimate of reductions for 1996. We intend to release information regarding work force restructuring as it becomes available, with the caveat that the process of estimating work force impacts is very dynamic and subject to change.

- Additional downsizing during 1996 should be done in conjunction with the contract change over. Major changes will occur then anyhow, why not make it a primary target date for restructuring?



- Employees losing their jobs in the change over to new contractor (M&I/PHMC) have not been addressed. If not offered a job by replacement contractor, what benefits will be available? Enhanced retirement should be offered to those eligible who aren't picked up by the new contractor.
- Project Hanford RFP indicates that employing managers above first line supervisors is not expected - unfair toward older, long-term employees. Enhanced retirement should be offered.

The PHMC will have the sole discretion to determine the number of employees it needs to properly perform its responsibilities. The DOE will not know if reductions will be necessary as a result of the transition to the new contractor until it has reviewed the successful bidder's staffing plan. In the event that a larger number of reductions is necessary due to reductions in the FY97 budget or the contract transition to the Project Hanford Management Contract, the DOE will consider what separation programs, including an enhanced retirement program, would be most appropriate to accomplish the needed work force adjustments.

Those employees that transition to the PHMC, its integrated subcontractors and lower tier subcontractors, are considered continuously employed and not eligible for benefits under the Plan as a result of transition.

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# DOE NEWS

FOR IMMEDIATE RELEASE  
January 10, 1996

## DOE ANNOUNCES WORK FORCE RESTRUCTURING AND REOPENING OF VOLUNTARY SEPARATION PROGRAM AT HANFORD FOR FISCAL YEAR 1996

During the next several months, the U.S. Department of Energy (DOE), Richland Operations Office (RL) and its contractors will be undertaking a number of initiatives to continue to improve the cost effectiveness and efficiency of operations, and to respond to congressionally mandated reductions to the Fiscal Year (FY) 1996 budget.

In February 1995, DOE announced the need to reduce the work force by approximately 4,800 positions during FY 1995 and 1996. To date, approximately 4,350 job reductions have occurred. Needed restructuring efforts within Westinghouse Hanford Company and its subcontractors, BCS Richland, Inc., and ICF Kaiser Hanford, are expected to fill the remaining 450 reductions. To this end, the contractor today announced the offering of a Voluntary Reduction of Force (VROF) program to meet these needs. The VROF program was previously approved as part of the 1995 Hanford Work Force Restructuring Plan.

When considering reengineering and the effects of the reduced FY 1996 budget, there is an additional need to reduce Hanford's work force by another 300 to 500

-more-

positions during FY 1996. This will increase total reductions at the site since October 1, 1994, to 5,100--5,300. Although future impacts could possibly alter this projection, it is the best available at this time. RL is currently working with its contractors to determine what separation programs will be implemented to most effectively accomplish these reductions.

Section 3161 of the National Defense Authorization Act for FY 1993 (Public Law 102-484) requires the Secretary of Energy to develop a work force restructuring plan in consultation with stakeholders to mitigate the impact on workers and communities of work force changes at the DOE's current or former defense nuclear facilities. On January 2, 1996, RL released the draft 1996 Hanford Site Work Force Restructuring Plan Addendum for stakeholder comment. The draft addendum, in connection with the current Hanford Site Work Force Restructuring Plan, offers a comprehensive line of benefits and services to help in lessening the effects of expected job reductions on workers and the community. Stakeholders are encouraged to provide comments on how the plan may be improved. They may do so by submitting comments to:

Mr. Dominic Sansotta, Team Leader  
Contractor Programs Team  
U.S. Department of Energy  
P.O. Box 550, A1-55R  
Richland, WA 99352

# # # # #

**MEDIA CONTACT:** Guy Schein, Office of External Affairs, (509) 376-7501  
RL 96-004

# Benefits Matrix

	PRINCIPAL CONTRACTOR EMPLOYEES			PRIME CONTRACTORS TO DOE (GSSC)	INTERMITTENT EMPLOYEES	SUBCONTRACT EMPLOYEES	CONSTRUCTION CRAFTS EMPLOYEES
	ENHANCED RETIREMENT	VOLUNTARY ROF	INVOLUNTARY ROF				
Education Assistance <sup>1</sup>	No	Yes w/Severance Pay Option No w/ Lump sum	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	No	Yes 3161 Eligible Workers
DOE Resume Databank (JOBBS)	No	Yes	Yes	Yes	Yes	Yes	Yes
Employee Assistance Program	Yes	Yes	Yes	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies
Relocation Assistance	No	Yes w/Severance Pay Option No w/Lump Sum	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	Yes 3161 Eligible Workers	No	Yes 3161 Eligible Workers
Outplacement Assistance	No	Yes	Yes	Yes	Yes	Yes	Yes
Extended Medical Benefits	Retiree Plan	Yes w/Severance Pay Option	Yes	ICF Kaiser - Yes <sup>3</sup> Others - Maybe	No	No	No
COBRA Medical Benefits	No	Yes	Yes	Yes If applicable	Yes If applicable	Yes If applicable	Yes If applicable
Separation Payment	No	26 weeks base pay maximum	3161 Eligible Workers - 26 weeks base pay maximum Others - according to contract terms	In accordance with respective company policies	In accordance with respective company policies	In accordance with respective company policies	One time payment 3161 Eligible Workers
Preference in Hiring	No	No <sup>2</sup>	Yes 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers	Yes IROFed 3161 Eligible Workers

<sup>1</sup> Can apply on receipt of Layoff/WARN notice.

<sup>2</sup> Except for those who utilize the Education Assistance program, who would receive preference secondary to IROF workers.

<sup>3</sup> Pending DOE-HO policy revision.